No. 863

FILED
MAR 27 195
JOHN T. FEY, C

IN THE

# Supreme Court of the United States

October Term, 1956

LAURENCE MASSA,

*Petitioner,*

*vs.*

JIFFY PRODUCTS CO., INC.,

*Respondent.*

**Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.**

JOSEPH W. FAIRFIELD,
JEROME A. REINER,
ETHELYN F. BLACK,
Suite 815,
6505 Wilshire Boulevard,
Los Angeles 48, California,
*Counsel for Petitioner.*

Parker & Son, Inc., Law Printers, Los Angeles. Phone MA. 6-9171.

## SUBJECT INDEX


PAGE

Opinions below ..... 1

Jurisdiction ..... 1

Questions presented ..... 2

Statutes involved ..... 3

Rules ..... 3

Statutes ..... 3

Statement of the case ..... 3

Petitioner's position ..... 5

Argument ..... 6

Point I. Since the issuance of letters patent is the result of an expertness by an administrative body acting with its specific field, clear, unequivocal and convincing proof, greater than that recognized as sufficient in a civil case is necessary to overcome the presumption of its validity ..... 6

Point II. The Federal District Court is without power to award a litigant a registered trade-mark without the litigant first making application to the Patent Office for registration of the trade-mark ..... 13

Conclusions ..... 16

Appendices:

Appendix A. Statutes involved ..... App. p. 1

Appendix B. Transcript of Record in two volumes ..... App. p. 5

## TABLE OF AUTHORITIES CITED

### CASES


Bradley v. Great Atlantic & Pacific Tea Co., 78 Fed. Supp. 388, reversed 340 U. S. 147, 71 S. Ct. 127, 95 L. Ed. 118, rehear. den. 340 U. S. 918, 71 S. Ct. 349, 95 L. Ed. 663 ..... 7, 10

Drittel v. Friedman, 154 F. 2d 653 ..... 2, 13, 14, 15

Klapprott v. United States, 166 F. 2d 273 ..... 11, 13

Klapprott v. United States, 335 U. S. 601, 69 S. Ct. 384, 336 U. S. 949, 69 S. Ct. 877 ..... 7, 10, 11

Oliver United Filters v. Silver, 206 F. 2d 658 ..... 10

Patterson-Ballough Corp. v. Moss, 201 F. 2d 403 ..... 10

Rolley, Inc. v. Younghusband, 204 F. 2d 209 ..... 6

United States v. Borchers, 163 F. 2d 347 ..... 13

Williams Manufacturing Co. v. United Shoe Machinery Corp., 121 F. 2d 273, aff'd 316 U. S. 364, 62 S. Ct. 1179, 86 L. Ed. 1537 ..... 6


### RULES


Federal Rules of Civil Procedure, Rule 55(b) ..... 3


### STATUTES


Act of July 5, 1946, Sec. 46a ..... 3, 15

60 Statutes at Large 444, 1946 ..... 2

United States Code Annotated, Title 15, Sec. 102 ..... 2, 14, 15

United States Code Annotated, Title 15, Sec. 1051 ..... 3, 15

United States Code Annotated, Title 15, Sec. 1064 ..... 3, 14, 15

United States Code Annotated, Title 15, Sec. 1119 ..... 2, 3, 13, 14, 15

United States Code Annotated, Title 28, Sec. 1254(1) ..... 1

United States Code Annotated, Title 35, Sec. 282 ..... 3, 6

IN THE

# Supreme Court of the United States

October Term, 1956

No. 5.

LAURENCE MASSA,

*Petitioner,*

*vs.*

JIFFY PRODUCTS CO., INC.,

*Respondent.*

**Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.**

Laurence Massa, your petitioner, prays that a Writ of *Certiorari* issue to review the judgment of the United States Court of Appeals for the Ninth Circuit, entered in the above entitled case on the 21st day of January, 1957.

## Opinions Below.

The opinion of the Court of Appeals is reported verbatim herein (Appendix B, pp. 9-16). It has not as yet been officially reported.

## Jurisdiction.

The judgment of the Court of Appeals was entered on January 21, 1957 (Appendix B, p. 17). A petition for rehearing was denied on February 26, 1957. The jurisdiction of this Court is invoked under the provisions of 28 U. S. C. A. §1254(1).

## Questions Presented.

1. This case raises questions concerning the power of Federal District Courts to enter default judgments declaring a patent invalid and determining the ownership of a trade mark without hearings or evidence.

2. This court is also asked to determine whether a District Court can award a registration of a trade mark to a litigant who has never applied nor made application to the Commissioner of Patents to have that trade mark registered in the name of the litigant.

3. In *Drittel v. Friedman,* 154 F. 2d 653, 654 (2nd Cir., 1946) the court held that a defendant could not recover under a counterclaim for plaintiff's alleged interference with defendant's registration of a trade mark where defendant had not obtained a registered trade mark and had not appealed to the Commissioner of Patents. This case was decided under 15 U. S. C. A. §102 (repealed 60 Stat. 444, 1946). This court is asked to determine whether 15 U. S. C. A. §1119 has overruled the procedural requirements of the *Drittel* case (opinion court appeals pp. 113-114).

## Statutes Involved.

The following are the pertinent rules and statutes involved and are set forth in an appendix.

### Rules.

Federal Rules of Civil Procedure, Rule 55b.

### Statutes.

Act of July 5, 1946, Section 46a;

United States Code Annotated, Title 15, Section 1051;

United States Code Annotated, Title 15, Section 1064;

United States Code Annotated, Title 15, Section 1119;

United States Code Annotated, Title 35, Section 282.

## Statement of the Case.

For the purposes of this petition we accept the facts as stated in its opinion (Appendix B, pp. 9-11) by the Court of Appeals.

Jetco, Inc., a California corporation, filed suit in a California state court against Jiffy Products Co. (Jiffy), a Texas corporation, and other corporations and individuals, alleging unfair competition by the defendants in the use of Jetco's trade names "Jiffy" on their own products. As a second cause of action, Jetco alleged registration of the trade mark "Jiffy" by Laurence Massa, president of Jetco, his assignment of the mark to Jetco, and infringement of the mark by the defendants. The mark and the patent refer to metal teeth for use on excavating equipment.

The case was removed to the Federal District Court. In its answer Jiffy admitted the use of the mark "Jiffy" on its excavating equipment; denied illegal infringement; plead laches, estoppel, prior use, waiver, *res judicata,* and fraud in the registration of plaintiff's trade mark. Jiffy also counterclaimed against Jetco, alleging that the controversy arose from an alleged infringement of a void patent for excavating teeth issued to Laurence Massa, and assigned to Jetco, and prayed that the patent be declared void. Jiffy also asserted ownership of the trade name "Jiffy", and prayed for an order of rectification of the registration in favor of Jiffy, and damages for infringement by Jetco.

In answering the counterclaim of Jiffy, Jetco admitted ownership of the patent, and asserted its claim of ownership to the trade mark. The deposition of Laurence Massa, president of Jetco, was subsequently taken from which it appeared that Massa had not assigned either the trade mark or the patent to Jetco. Upon learning this from the deposition, Jiffy moved the court to bring Massa in as a third party defendant on the ground that he was a necessary party. The motion was granted whereupon Jiffy filed a third party complaint against Massa alleging the invalidity of the patent and denying ownership of the trade mark in Massa.

Massa moved to vacate the order bringing him in as a third party defendant, to strike the third party complaint, and to dismiss the action against him for lack of jurisdiction. This motion was not granted, but in lieu thereof the court granted a motion by Jiffy to reidentify Massa as a party defendant, and to reidentify Jiffy's third party complaint as a cross-complaint.

Massa answered the cross-complaint. The court ordered Massa to answer certain interrogatories, and he refused. Basing its action on this refusal, the court struck Massa's answer, and ordered that a default judgment be entered. The default judgment held the patent invalid, and further decreed that as between the parties before it, Jiffy was the owner of the trade mark "Jiffy". It was further decreed that the Commissioner of Patents cancel the said mark in favor of Massa, and award a registration to Jiffy upon proper application.

**Petitioner's Position.**

As heretofore stated, the District Court in entering judgment did three things:

1. It declared Patent No. 2,319,464 dated May 18, 1943 and owned by the appellant Laurence Massa to be invalid (p. 99).

2. As between the petitioner and the respondent it determined that the appellee was the owner of trade mark registration 528,058 registered July 25, 1950 in the name of petitioner (pp. 99-100).

3. The court further awarded the registration of that mark to the respondent (p. 100).

The questions raised by your petitioner is the power of the Federal District Court to enter a default judgment granting this relief without hearing or evidence. It is the position of the petitioner that the District Court has no such power.

## ARGUMENT.

### POINT I.

**Since the Issuance of Letters Patent Is the Result of an Expertness by an Administrative Body Acting With Its Specific Field, Clear, Unequivocal and Convincing Proof, Greater Than That Recognized as Sufficient in a Civil Case Is Necessary to Overcome the Presumption of Its Validity.**

In seeking to uphold the judgment, respondent adopts the position that a default judgment requires no proof whatsoever.

Petitioner however, asserts that evidence is required to sustain a default judgment and bases his argument in part that:

> "A patent shall be presumed valid. The burden of establishing invalidity of a patent shall rest on a party asserting it." (35 U. S. C. A. §282.)

The same rule applies to registration of trade marks (*Rolley, Inc. v. Younghusband,* 204 F. 2d 209, 211).

In *Williams Manufacturing Co. v. United Shoe Machinery Corp.,* 121 F. 2d 273, 277 (Affd. 316 U. S. 364, 62 S. Ct. 1179, 86 L. Ed. 1537), the court held:

> "We are, therefore, obliged to give consideration to the rule that 'one otherwise an infringer who assails the validity of a patent fair upon its face bears a heavy burden of persuasion and fails unless his evidence has more than a dubious preponderance. *Cf. Phillipine Sugar E. D. Co. v. Phillipine Islands,* 247 U. S. 385, 391; 38 S. Ct. 513; 62 L. Ed. 1177.'"

In *Bradley v. Great Atlantic & Pacific Tea Co.*, 78 Fed. Supp. 388, reversed on other grounds, 340 U. S. 147, 71 S. Ct. 127, 95 L. Ed. 118; Rehearing denied, 340 U. S. 918, 71 S. Ct. 349, 95 L. Ed. 663. The court held on pages 390-391:

> "First, a patent, having been granted by the Patent Office, carries a presumption that it is valid and the burden of proof to upset that presumption rests upon the person advocating invalidity. And it is not a presumption that may be destroyed easily, as for example by such evidence recognized as sufficient in a civil case. *In fact, the courts have consistently held that the presumption of validity is so great that it may be removed only by evidence that rises to the dignity of 'perhaps beyond a reasonable doubt.'* Here the stipulation admitting infringement by defendant of claims 4, 5 and 6 is in the record, so we are not concerned with that question, but if defendant is unsuccessful in overcoming the presumption of validity, plaintiff must prevail." (Italics added.)

In *Klapprott v. United States,* 335 U. S. 601, 69 S. Ct. 384, 336 U. S. 949, 69 S. Ct. 877, involved similar situation. In that particular case the court entered a judgment revoking the citizenship of the petitioner after a default with no evidence being offered to substantiate the judgment. The court, through Mr. Justice Black, stated on page 602 that

> "This case raises questions concerning the power of federal district courts to enter default judgments depriving naturalized persons of their citizenship without hearing or evidence, . . ."

In reversing the judgment of the District Court revoking petitioner's citizenship, the court said as follows on page 609:

> "It is contended that this judgment is void because rendered by a District Court without hearing any evidence. The judgment is void if the hearing of evidence is a legal prerequisite to rendition of a valid default judgment in denaturalization proceedings. While 8 U. S. C. §738, 8 U. S. C. A. §738 (now 8 U. S. C. A. §1451) under which this denaturalization complaint was filed, plainly authorizes courts to revoke the citizenship of naturalized citizens after notice and hearing; it contains no explicit authorization for rendition of default judgments. Congressional intention to authorize court action in the absence of a citizen might be implied, however, from the provision for notice by publication in §738(b). Aside from possible constitutional questions, it may therefore be assumed that the section authorizes rendition of a denaturalization judgment in a defendant's absence. But it does not necessarily follow that a court may also render judgment without proof of the charges made in a denaturalization complaint."

and further on pages 610-611 the court said:

> "When we look to federal statutes other than §738 we find no command and no express authority for courts to enter denaturalization judgments by default without proof of facts to support the judgment. No such authority or command is contained in Rule 55 of the Federal Rules of Civil Procedure which rule relates to default judgments. Section (e) of Rule 55 expressly bars all judgments against the United States without proof, *but it cannot be inferred from this that proof is never required as a prerequisite to default judgments against all de-*

*fendants other than the United States.* For subdivision (b)(2) of Rule 55 expressly provides for representation of defaulting parties in some instances. Subdivision (b)(2) also directs that in certain specified instances courts, before entering judgments after default of appearance, shall make investigations, conduct hearings, and even grant jury trials. In addition to these particularized instances, *subdivision (b)(2) also provides for court hearings before default judgment where 'it is necessary . . . to establish the truth of any averment by evidence or to make an investigation of any other matter.'"* (Italics added.)

"Thus it appears that statutes and rules have largely left for judicial determination the type of cases in which hearings and proof should precede default judgments. In this situation it is the final responsibility of this court to formulate the controlling rules for hearings and proof. (See *McNabb v. United States,* 318 U. S. 332, 341; 63 S. Ct. 608, 613; 87 L. Ed. 819.) For the following reasons it seems peculiarly appropriate that a person's citizenship should be revoked only after evidence has been established that the person has been guilty of prohibited conduct justifying revocation.

"Denaturalization consequences may be more grave than consequences that flow from conviction for crimes. Persons charged with crime in United States courts cannot be convicted on default judgment unsupported by proof. Even decrees of divorce or default judgments for money damages where there is any uncertainty as to the amount must ordinarily be supported by actual proof. The reasons for requirement of proof in cases involving money apply with much greater force to cases which involve forfeiture of citizenship and subsequent deportation.

> This court has long recognized the plain fact that to deprive a person of his American citizenship is an extraordinarily severe penalty."

On page 612 the court continued:

> "Furthermore, because of the grave consequences incident to denaturalization proceedings we have held that a burden rests on the government to prove its charges in such cases by *clear, unequivocal and convincing evidence* which does not leave the issue in doubt. *Schneiderman v. United States,* 320 U. S. 118, 158; 63 S. Ct. 1333, 1352, 87 L. Ed. 1796. This burden is substantially identical with that required in criminal cases—*proof beyond a reasonable doubt* . . . Assuming that no additional procedural safeguards are required, it is our opinion that courts should not in §738 proceedings deprive a person of his citizenship until the government first offers proof of its charges sufficient to satisfy the burden imposed on it, even in cases where the defendant has made default in appearance." (Italics added.)

The *Klapprott* case held that in denaturalization proceedings the quantum of proof is equivalent to that required in criminal cases—proof beyond a reasonable doubt. This coincides with the quantum of proof required in holding a patent invalid as set forth in *Bradley v. Great Atlantic and Pacific Tea Co., supra.* Since the presumption of the validity of a patent can be overcome only by clear convincing proof (*Patterson-Ballough Corp. v. Moss* (9th Cir.), 201 F. 2d 403, 406; *Oliver United Filters v. Silver,* 206 F. 2d 658, 664) it would seem that evidence is a prerequisite to rendering a judgment declaring a patent invalid.

The Court of Appeals attempted to distinguish the requirement for proof in a patent case and the same requirement in a naturalization case as set forth in *Klapprott v. United States, supra,* by holding (p. 112):

> "there is no such sanctity in a patent right as found to exist in the right of citizenship."

The crux, then, is whether there is such a distinction.

The reasoning of the Court of Appeals in the case at bar approximates the reasoning of the Court of Appeals in the *Klapprott* case, heretofore overruled by the Supreme Court.

In *Klapprott v. United States,* 166 F. 2d 273 (3rd Cir., 1947) the court held on page 275 as follows:

> "Klapprott's second point is that the government should have been put to its proof before judgment by default was taken. It was argued that in divorce cases, which involve an important change of status, proof must be made and in certain types of other cases the amount of damages has to be proved before judgment can be entered. The analogies will not hold. Divorce procedure requires submission of proof because, theoretically, the state is concerned. Here the public interest is represented by the Government of the United States whose law officer initiates and conducts the proceeding. Proof is required in unliquidated damage cases because no one ever thinks that a general claim for damages represents anything but the plaintiff's limit of possible recovery and a money judgment has to be entered for some definite amount. The question of whether the facts have to be proved in a default denaturalization has been raised in the Second Circuit and passed upon

there adversely to the appellant's contention. United States v. Borchers, 2 Cir., 1947, 163 F. 2d 347, certiorari denied 68 S. Ct. 108. We agree with the Second Circuit.

"The appellant's third point is more elaborate. Spelled out it is that the Supreme Court has specified the nature of necessary proof in denaturalization proceedings, requiring it to be 'clear and unequivocal'. This, it is argued, is like the nature of the proof required in a criminal trial. Therefore, denaturalization proceedings should be treated as though they were criminal and, if so, defendant is entitled to counsel. Since Klaprott had no counsel at the time default was taken against him the argument concludes that he is deprived of his constitutional rights.

"There is little weight in this argument. In other situations in the law courts have laid down requirements of a higher degree of proof than the mere preponderance of the evidence presented but no one thinks the proceedings become criminal trials on that account. Thus there is authority that when one attacks a release he has the burden of sustaining his allegations by clear, precise and indubitable proof. The same is true in certain types of claims based on fraud. The Congress, in regulating the acquisition and loss of citizenship rights has made such proceedings civil and we think the action is not changed into a criminal prosecution by the fact that the Supreme Court has pointed out the necessity of clear evidence in a contested case to take away citizenship rights."

*United States v. Borchers,* 163 F. 2d 347, which the Court of Appeals in the *Klapprott* case relied upon as authority, held on page 349:

> "Moreover, as we understand the language of Rule 55(b)(2) it does not appear that testimony had to be presented to obtain a judgment by default."

It is therefore respectfully submitted that since both a denaturalization proceeding and a proceeding to declare a patent invalid both carry with it a presumption of validity; both requiring proof rising almost to the *height* of beyond a reasonable doubt to destroy this presumption of validity, it was beyond the power of the District Court to declare the patent invalid without holding hearings or taking evidence.

## POINT II.

**The Federal District Court Is Without Power to Award a Litigant a Registered Trade Mark Without the Litigant First Making Application to the Patent Office for Registration of the Trade Mark.**

Equally defective is that portion of the judgment [p. 100] awarding the trade mark to the respondent under the provisions of 15 U. S. C. A. 1119. In holding such an award invalid the court in *Drittel v. Friedman,* 154 F. 2d 653 (2nd Cir., 1946), said on page 654:

> "The only asserted foundation for that claim is 15 U. S. C. A. §102 [now 15 U. S. C. A. 1119]. But such a right can be asserted only by one who has obtained a registered trade-mark, and that defendants have not done. Since defendants have not appealed to the Commissioner of Patents, 15 U. S. C. A. §89 is inapplicable."

In the present case the cross-complaint, distinctly shows that the respondent never did apply to the commissioner of patents to have the trade-mark registered in its name. Its only claim to the use of the mark is the license to use it, obtained from petitioner (pp. 51-52).

The Court of Appeals held, however, that 15 U. S. C. A. 1119 has overruled the principle of law enunciated in *Drittel v. Friedman.*

The *Drittel* case was based on 15 U. S. C. A. 102, which read as follows:

> "That whenever there are interfering registered trade-marks, any person interested in any one of them may have relief against the interfering registrant, and all persons interested under him, by suit in equity against the said registrant; and the court, on notice to adverse parties and other due proceedings and according to the cause of equity, may adjudge and declare either of the registrations void in whole or in part according to the interest of the parties in the trade-mark, and may order the certificate of registration to be delivered up to the Commissioner of Patents for cancellation."

United States Code Annotated, Title 15, Section 1064, now in effect, reads in part as follows:

> "§1064. Cancellation of registration. Any person who believes that he is or will be damaged by the registration of a mark on the principal register established by this chapter, or under the Act of March 3, 1881, or the Act of February 20, 1905, may upon the payment of the prescribed fee, apply to cancel said registration . . .

"(a) within five years from the date of the registration of the mark under this chapter; or . . ."

Section 46a of the Act of July 5, 1946 (historical note following 15 U. S. C. A. 1051) provides in part as follows:

"That the repeal of all inconsistent Acts 'shall not affect the validity of registrations granted or applied for under any of said Acts prior to the effective date of this Act (July 5, 1947), or rights or remedies thereunder except as provided in sections 8, 12, 14, 15 and 47 of this Act (sections 1058, 1062, 1064, 1065, and note to this section of this title).'"

The *Drittel* case refers to procedure, namely, that parties seeking title or ownership to a trade-mark must first make its application to the Commissioner of Patents. It is respectfully submitted that 15 U. S. C. A. 1119 is not so radically different from its former 15 U. S. C. A. 102, as to amount to an overruling of the procedural requirements set forth in the *Drittel* case, particularly if read in conjunction with 15 U. S. C. A. 1064. The latter section is especially important since it requires an aggrieved individual to apply for cancellation of the registration within five years from the date of the registration of the mark as a prerequisite.

## Conclusions.

The ruling below injects uncertainties and inconsistencies into the Patent Office system. It practically nullifies the presumption of the validity of a patent and renders impotent the decision of the patent office in granting letters patent. The decision furthermore removes from the Patent Office its primary function to register trade marks. The petition for a Writ of Certiorari should, therefore, be granted.

Respectfully submitted,

JOSEPH W. FAIRFIELD,
JEROME A. REINER,
ETHELYN F. BLACK,
*Counsel for Petitioner.*

## APPENDIX A.

### Statutes Involved.

The statutes involved in the determination of the questions involved are the following:

"Rule 55 (b) Judgment. Judgment by default may be entered as follows:

(1) *By the Clerk.* When the plaintiff's claim against a defendant is for a sum certain or for a sum which can by computation be made certain, the clerk upon request of the plaintiff and upon affidavit of the amount due shall enter judgment for that amount and costs against the defendant, if he has been defaulted for failure to appear and if he is not an infant or incompetent person.

(2) *By the Court.* In all other cases the party entitled to a judgment by default shall apply to the court therefor; but no judgment by default shall be entered against an infant or incompetent person unless represented in the action by a general guardian, committee, conservator, or other such representative who has appeared therein. If the party against whom judgment by default is sought has appeared in the action, he (or, if appearing by representative, his representative) shall be served with written notice of the application for judgment at least 3 days prior to the hearing on such application. If, in order to enable the court to enter judgment or to carry it into effect, it is necessary to take an account or to determine the amount of damages or to establish the truth of any averment by evidence or to make an investigation of any other matter, the court may conduct such hearings or order such references as it deems necessary and proper and shall accord a right of trial by jury to the parties when and as required by any statute of the United States."

Section 46a, Act of July 5, 1946

". . . That the repeal of all inconsistent Acts 'shall not affect the validity of registrations granted or applied for under any of said Acts prior to the effective date of this Act (July 5, 1947), or rights or remedies thereunder except as provided in sections 8, 12, 14, 15 and 47 of this Act (sections 1058, 1062, 1064, 1065, and note to this section of this title).'"

15 U. S. C. A. 1051

"Sec. 1051. Registration; application; payment of fees; designation of resident for service of process and notice.

The owner of a trade-mark used in commerce may register his trade-mark under this chapter on the principal register established:

(a) By filing in the Patent Office—

(1) a written application, in such form as may be prescribed by the Commissioner, verified by the applicant, or by a member of the firm or an officer of the corporation or association applying, specifying appellant's domicile and citizenship, the date of applicant's first use of the mark, the date of applicant's first use of the mark in commerce, the goods in connection with which the mark is used and the mode or manner in which the mark is used in connection with such goods, and including a statement to the effect that the person making the verification believes himself, or the firm, corporation, or association in whose behalf he makes the verification, to be the owner of the mark sought to be registered, that the mark is in use in commerce, and that no other person, firm, corporation, or association, to the best of his knowledge and belief, has the right to use such mark in commerce either in the identical form thereof or in such near resemblance

thereto as might be calculated to deceive: *Provided,* That in the case of every application claiming concurrent use the applicant shall state exceptions to his claim of exclusive use, in which he shall specify, to the extent of his knowledge, any concurrent use by others, the goods or services in connection with which and the areas in which each concurrent use exists, the periods of each use, and the goods and area for which the applicant desires registration;"

Jul. 5, 1946, Chapter 540, Title I, §60 Stats. 427.

15 U. S. C. A. 1064,

"§1064. Cancellation of Registration

Any person who believes that he is or will be damaged by the registration of a mark on the principal register established by this chapter, or under the Act of March 3, 1881, or the Act of February 20, 1905, may upon the payment of the prescribed fee, apply to cancel said registration . . .

(a) within five years from the date of the registration of the mark under this chapter; or"

Jul. 5, 1946, Chapter 540, Title I, §14, 60 Stats. 433.

15 U. S. C. A. 1119,

"§1119. Same; power of court over registrations

In any action involving a registered mark the court may determine the right to registration, order the cancellation of registrations, in whole or in part, restore canceled registrations, and otherwise rectify the register with respect to the registrations of any party to the action.

Decrees and orders shall be certified by the court to the Commissioner, who shall make appropriate entry upon the records of the Patent Office, and shall be controlled thereby. July 5, 1946, c. 540, Title VI, §37, 60 Stat. 440."

35 U. S. C. A. 282,

July 19, 1952, Chapter 950, §1, 66 Stat. .812.

"A patent shall be presumed valid. The burden of establishing invalidity of a patent shall rest on a party asserting it."

## APPENDIX B.

Transcript of Record in Two Volumes.

IN THE

# Supreme Court of the United States

OCTOBER TERM, 1956.

No.....

LAURENCE MASSA,

*Petitioner,*

*vs.*

JIFFY PRODUCTS CO., INC.,

*Respondent.*

## VOLUME I.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit.

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT.

Laurence Massa, Appellant, vs. Jiffy Products Co., Inc., Appellee. No. 14,935.

Appeal from the United States District Court for the Southern District of California, Central Division.

(Proceedings had in the United States Court of Appeals for the Ninth Circuit).

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT.

Excerpt from Proceedings of Friday, December 14, 1956.

Before: ORR, Circuit Judge, and Ross, District Judge.

ORDER OF SUBMISSION.

Ordered appeal herein argued by Mr. Joseph W. Fairfield, counsel for the Appellant, and by Mr. William Douglas Sellers, counsel for the Appellee, and on stipulation of counsel for respective parties submitted to Stephens and Orr, Circuit Judges, and Ross, District Judge, for consideration and decision.

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT.

Excerpt from Proceedings of Monday, January 21, 1957.

Before: STEPHENS and ORR, Circuit Judges, and Ross, District Judge.

ORDER DIRECTING FILING OF OPINION AND FILING AND RECORDING OF JUDGMENT.

Ordered that the typewritten opinion this day rendered by this Court in above cause be forthwith filed by the Clerk, and that a Judgment be filed and recorded in the minutes of the Court in accordance with the opinion rendered.

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT.

Laurence Massa, Appellant, vs. Jiffy Products Co., Inc., Appellee. No. 14,935.

Jan. 21, 1957.

Appeal from the United States District Court for the Southern District of California, Central Division.

Before: Stephens, and Orr, Circuit Judges, and Ross, District Judge.

Orr, Circuit Judge:

Jetco, Inc., a California corporation, filed suit in a California state court against Jlffy Products Co., (Jiffy), a Texas corporation, and other corporations and individuals, alleging unfair competition by the defendants in the use of Jetco's trade name "Jiffy" on their own products. As a second cause of action, Jetco alleged registration of the trade mark "Jiffy" by Laurence Massa, president of Jetco, his assignment of the mark to Jetco, and infringement of the mark by the defendants. The mark and the patent refer to metal teeth for use on excavating equipment.

The case was removed to the Federal District Court. In its answer Jiffy admitted the use of the mark "Jiffy" on its excavating equipment; denied illegal infringement; plead laches, estoppel, prior use, waiver, res judicata, and fraud in the registration of plaintiff's trade mark. Jiffy also counterclaimed against Jetco, alleging that the controversy arose from an alleged infringement of a void patent for excavating teeth issued to Laurence Massa, and assigned to Jetco, and prayed that the patent be de-

clared void. Jiffy also asserted ownership of the trade name "Jiffy", and prayed for an order of rectification of the registration in favor of Jiffy, and damages for infringement by Jetco.

In answering the counterclaim of Jiffy, Jetco admitted ownership of the patent, and asserted its claim of ownership to the trade mark. The deposition of Laurence Massa, president of Jetco, was subsequently taken from which it appeared that Massa had not assigned either the trade mark or the patent to Jetco. Upon learning this from the deposition, Jiffy moved the court to bring Massa in as a third party defendant on the ground that he was a necessary party. The motion was granted whereupon Jiffy filed a third party complaint against Massa alleging the invalidity of the patent and denying ownership of the trade mark in Massa.

Massa moved to vacate the order bringing him in as a third party defendant, to strike the third party complaint, and to dismiss the action against him for lack of jurisdiction. This motion was not granted, but in lieu thereof the Court granted a motion by Jiffy to reidentify Massa as a party defendant, and to reidentify Jiffy's third party complaint as a cross-complaint.

Massa answered the cross-complaint. The Court ordered Massa to answer certain interrogatories, and he refused. Basing its action on this refusal, the Court struck Massa's answer, and ordered that a default judgment be entered. The default judgment held the patent invalid and further decreed that as between the parties before it, Jiffy was the owner of the trade mark "Jiffy". It was further decreed that the Commissioner of Patents

cancel the said mark in favor of Massa, and award a registration to Jiffy upon proper application.

On this appeal from the default judgment, Massa contends that he was improperly joined in this action as a necessary party under Rule 19, Fed. R. Civ. P. He says that there is no such joint interest shown as would be necessary to make him an indispensable party under Rule 19(a), and that complete relief could be had by the original parties under Rule 19(b) upon the claim of unfair competition.

Appellant's argument is premised upon the alleged lack of relation between Jetco's action for unfair competition against Jiffy, and Jiffy's cross-complaint against Massa concerning the patent and trade mark. Reliance is had upon Brody v. Charles F. Hubbs & Co., (S. D. N. Y., 1951), 11 F. R. D. 337. In that case the plaintiff, a licensee of patents brought an action in two counts for trade mark infringement and unfair competition relating to certain patents, and for damages. A motion to dismiss the second cause of action for unfair competition for lack of joinder of the licensor of the patents was denied. The Court there held that the licensor was neither an indispensable party nor a necessary party, because there was no claim of patent infringement in the unfair competition count, and thus patent infringement was not an issue in the case.

The validity of the patent together with the proper registration of the trade mark was put in issue in the instant case by Jiffy's counterclaim against Jetco, wherein Jiffy asked for a declaration of the patent's invalidity and a proper recordation of the trade mark, taken together with Jetco's prior allegation of its ownership of the trade mark, and admission of ownership of the patent.

When ownership of the patent and the trade mark in Massa appeared from his deposition, an involuntary joinder of Massa as a party defendant under Rule 19, Fed. R. Civ. P. became proper. Massa, appearing as the registered owner of the patent and trade mark, became an indispensable party in the declaratory judgment action, in order that the alleged infringer might have tried in the one action, as to all parties, the invalidity of the patent and the alleged improper recordation of the trade mark. See Fluorescent Fabrics, Inc. v. Gantner & Mattern Company *et al,* (S. D. Cal., 1950), 86 U. S. P. Q. 67; *accord,* Technical Tape Corp. v. Minnesota Mining & Mfg. Co. (S. D. N. Y., 1955, 135 F. Supp. 505).

When as here the patent and trade mark issues are in suit and the registered owner failed to come in as a plaintiff, the court properly ordered him brought in as a defendant. Compare: Hoffman v. Santly-Joy, Inc. (S. D. N. Y., 1943), 51 F. Supp. 778, 779.

Appellant next contends that the cross-complaint for a declaration of invalidity of the patent does not state a justiciable controversy, since the complaint does not allege Jiffy's infringement and threat of suit by the patentee. The complaint must allege, appellant argues, definite and certain statements to a charge of infringement to raise a justiciable controversy under the Declaratory Judgments Act, in addition to allegations of infringement by the plaintiff.

It is obvious that the plaintiff need not admit infringement of the patent to sustain the Court's jurisdiction, when the position of the plaintiff is in the alternative, first, absence of infringement if the patent is valid, and second, lack of validity of the patent.

The cross-complaint stated:

> "At a time within the last six years, third party defendant stated to a customer of this third party plaintiff that excavating teeth made by this third party plaintiff comprised an infringement of said Letters Patent:"

This allegation, says appellant, is not sufficient to spell out a controversy under the Declaratory Judgments Act.

This being a default judgment, the allegations of the cross-complaint are taken as true Where the patent owner informs a customer of the alleged infringer that there is a violation of the owner's patent by the alleged infringer's manufacturing a certain item, there is sufficient controversy to allow the manufacturer to file suit to have the patent declared invalid. The policy behind the rule is obvious: a manufacturer's customers may decline to purchase products where the threat of patent litigation is present. The manufacturer should not be required to await the patent owner's pleasure in bringing an infringement action, after having been made aware that infringement is claimed, because continuing to handle the product would be hazardous if the patent is valid, and to refrain for a great length of time to await action by the patent owner might result in great loss of the patent is eventually declared invalid. Aralack, Inc. v. Hat Corporation of America, 3 Cir., 1946, 166 F. 2d 286; Treemond v. Schering Corp., 3 Cir., 1941, 122 F. 2d 702; Hook v. Hook & Ackerman, 3 Cir., 1951, 187 F. 2d 52; Technical Tape Corp. v. Minnesota Mining & Mfg. Co., 1952, 200 F. 2d 876; Formmaster Corporation v. G. H. Bishop Co. (S. D. N. Y., 1956), 138 F. Supp. 115.

> "The fact that a patentee's claim of infringement is a condition precedent of this type of action places

> the matter of adjudication of the patent within control of the patentee, for, if he wishes to avoid adjudication, he can refrain from making charges of infringement. But having made the charge, he then exposes himself to adjudication". Borchard, Declaratory Judgments, (1941), 807.

The argument is made that the default judgment entered against Massa is void inasmuch as the District Court failed to take evidence to supplement the allegations contained in the cross-complaint. It is urged that a judgment holding a patent invalid cannot be entered by default without additional evidence being taken pursuant to Rule 55(b), Fed. R. Civ. P., which provides:

> ". . .
>
> "(b) . . . If, in order to enable the court to enter judgment or carry it into effect, it is necessary to take an account or to determine the amount of damages *or to establish the truth of any averment by evidence or* to make an investigation of any other matter, the court may conduct such hearings or order such references as it deems necessary and proper and shall accord a right of trial by jury to the parties when and as required by any statute of the United States . . ." (italics supplied).

This contention is bottomed upon the theory that the presumption of validity which surrounds the patent can only be overcome by clear and convincing proof, and therefore a special interest is attached to the validity of the patent which prevents a declaration of invalidity by default judgment, without some showing of evidence to support the allegations. Klapprott v. United States, 335

U. S. 601, is cited in support of this contention. That case held that allegations of a complaint for denaturalization must be supported by clear, unequivocal, and convincing proof, even though the defendant defaulted. There is no such sanctity in a patent right as found to exist in the right of citizenship. The reason for the heavy burden placed on the Government in a denaturalization proceeding, either contested or by default, is the great significance attaching to citizenship, and the grave consequences often resulting from its loss. On the other hand, the basis of the presumption of validity of a patent necessarily arises from the expertness of the administrative agency issuing the patent, and not from the importance of the interest to be protected.

> "The presumption created by the action of the Patent Office is the result of expertness of an administrative body acting within its specific field and can be overcome only by clear and convincing proof." Batter-Ballagh Corp. v. Moss, 9 Cir., 1953, 201 F. 2d 403, 406.

In the instant case the trial court had before it a verified complaint containing well pleaded averments, which it evidently thought overcame the presumption of validity of the patent and in the exercise of its discretion, concluded that the taking of further evidence was unnecessary. We are unable to say the court's discretion was abused, especially in view of the fact that appellant did not see fit to move to set aside the default judgment.

The default judgment states that the patent is invalid, and there had been no infringement of the patent by the

cross-complainant.[1] Appellant asserts that there can be no finding of invalidity of a patent, if there is a finding of non-infringement, inasmuch as the validity becomes moot.

We think the ultimate question presented was infringement. In determining that question the court grounded its finding on non-validity of the patent. Hence, finding of invalidity was basic to the finding of non-infringement.

And again the default judgment is said to be void because the direction to the Commissioner of Patents to change the registration of the trade mark was outside the trial court's jurisdiction. Appellant cites Drittel v. Friedman, 2 Cir., 1946, 154 F. 2d 653, in support of his argument that appellee, to have any standing, must have been an applicant to the Commissioner of Patents for the trade mark. However, the section of the statute relied on in the Drittel case has been repealed,[2] and the substituted provision allows the Court to determine the right to registration of a trade mark of any party to the action. See 15 U. S. C. A. §1119.

Judgment Affirmed.

(Endorsed:) Opinion. Filed Jan. 21, 1957.

Paul P. O'Brien, Clerk.

---

[1]The default judgment provided:

"1. That cross-defendant Laurence Massa is the owner of United States Letters Patent No. 2,319,464, dated May 18, 1943.

2. Said Letters Patent are invalid.

3. The cross-complainant Jiffy Products Co., Inc., has not infringed said Letters Patent by its manufacture, use or sale of digging teeth."

[2]60 Stat. 444 (1946), repealing 33 Stat. 729 (1905)

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT.

Laurence Massa, Appellant, vs. Jiffy Products Co., Inc., Appellee. No. 14,935.

JUDGMENT.

Appeal from the United States District Court for the Southern District of California, Central Division.

This cause came on to be heard on the Transcript of the Record from the United States District Court for the Southern District of California, Central Division, and was duly submitted.

On consideration whereof, it is now here ordered and adjudged by this Court, that the judgment of the said District Court in this cause be, and hereby is affirmed, with costs in favor of the Appellee and against the Appellant.

It Is Further Ordered and adjudged by this Court, that the Appellee recover against the Appellant for its costs herein expended and have execution therefor.

(Endorsed) Judgment.

Filed and Entered: January 21, 1957.

PAUL P. O'BRIEN, Clerk.

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT.

Excerpt from Proceedings of Tuesday, February 26, 1957.

Before: STEPHENS and ORR, Circuit Judges, and Ross, District Judge.

ORDER DENYING PETITION FOR REHEARING.

On consideration thereof, and by direction of the Court, It Is Ordered that the petition of Appellant, filed February 18, 1957, and within time allowed therefor by rule of Court for a rehearing of the above cause be, and hereby is denied.

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT.

Laurence Massa, Appellant, vs. Jiffy Products Co., Inc., Appellee. No. 14,935.

CERTIFICATE OF CLERK, U. S. COURT OF APPEALS FOR THE NINTH CIRCUIT, TO RECORD CERTIFIED UNDER RULE 21 OF THE REVISED RULES OF THE SUPREME COURT OF THE UNITED STATES.

I, Paul P. O'Brien, as Clerk of the United States Court of Appeals for the Ninth Circuit, do hereby certify the foregoing one hundred and sixteen (116) pages, numbered from and including 1, to and including 116, comprising Volume I, and Volume II, comprised of ten (10) pages, numbered from and including 1, to and including 10, to be a full, true and correct copy of the entire record, excluding original exhibits, of the above-entitled cause in the said Court of Appeals, made pursuant to request of counsel for the Appellant, and certified under Rule 21 of the Revised Rules of the Supreme Court of the United States, as the originals thereof remain on file and appear of record in my office.

Attest my hand and the seal of the United States Court of Appeals for the Ninth Circuit, at the City of San Francisco, in the State of California, this first day of March, 1957.

PAUL P. O'BRIEN
Paul P. O'Brien, Clerk.

(Seal)